

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES

Call to Order: By **CHAIRMAN EDITH CLARK**, on January 29, 2003 at 8:03 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Edith Clark, Chairman (R)
Sen. John Cobb, Vice Chairman (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Sen. Emily Stonington (D)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Robert V. Andersen, OBPP
Pat Gervais, Legislative Branch
Lois Steinbeck, Legislative Branch
Sydney Taber, Committee Secretary

Please Note:

Audio-only Committees: These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp refers to material below it.

Committee Business Summary:

Hearing & Date Posted:	Health Policy Services Division: Medical Officer Family and Community Health Bureau Communicable Disease Control and Prevention
Executive Action:	CSED QAD

EXECUTIVE ACTION ON CHILD SUPPORT ENFORCEMENT DIVISION

Present Law Adjustments

{Tape: 1; Side: A; Approx. Time Counter: 1.6 - 2.5}

Pat Gervais, Legislative Fiscal Division (LFD), referred to B-73 of the Budget Analysis and explained that DP 236 is a negative decision package (DP) reducing the number of vehicles. It reduces state special revenue (SSR) \$7,194 and general funds \$13,964 for the biennium.

{Tape: 1; Side: A; Approx. Time Counter: 2.5 - 2.9}

Motion/Vote: SEN. COBB moved TO ADOPT DP 236, THE REDUCTION OF THE NUMBER OF VEHICLES. Motion carried 6-0 on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 1; Side: A; Approx. Time Counter: 2.9 - 4.3}

Referring to a handout she had distributed, **Ms. Gervais** explained that the Executive Budget depends upon transaction fees to realize the level of state special revenue (SSR) included in the budget. If SB 72, the bill allowing fees to be charged for COLLECTION OF Child Support, does not pass, the Subcommittee may wish to adopt language that the budget for this division is reduced by \$711,838 of SSR and \$1.4 million of federal funds in FY04 and \$854,000 SSR and \$1.7 million of federal funds in FY05. The SSR amount in this language is based on the fiscal note for SB 72, and the federal funds are based on the matching rate, which is a two-to-one matching rate.

EXHIBIT (jhh19a01)

{Tape: 1; Side: A; Approx. Time Counter: 4.3 - 4.9}

SEN. COBB asked for clarification of the rules, and **Ms. Gervais** replied that this session there have been a number of bills that are required to implement the Executive Budget, and the Subcommittees are asked to take action to include contingent language if there is a bill required to implement the Executive Budget.

{Tape: 1; Side: A; Approx. Time Counter: 4.9 - 6.4}

SEN. STONINGTON objected to taking this route; she stated that she would like the Subcommittee to propose alternate funding. She suggested that since they had already gone after Employment Security Act (ESA) money for childcare, they go after it for this as well. She added that she thought that if they went the suggested route, it would signal that they are not willing to fight for funding for this program.

{Tape: 1; Side: A; Approx. Time Counter: 6.4 - 7.7}

SEN. COBB proposed that they make it contingent on the death of the fee bill. **SEN. STONINGTON** said that all the other committees are grabbing money and this Subcommittee should do so as well.

{Tape: 1; Side: A; Approx. Time Counter: 7.7 - 9.0}

Ms. Gervais reviewed the Subcommittee appropriation of \$3.7 million of ESA funds, which leaves an estimated \$3 million per year of uncommitted funding. Other committees are taking action, but the Subcommittee ASSIGNED the Department of Labor and Industries has yet to take action on it. This Subcommittee used only \$3.1 million of an estimated \$6 million per biennium.

{Tape: 1; Side: A; Approx. Time Counter: 9 - 10}

Ms. Gervais said that the language WAS DRAFTED by staff and explained that if a bill allowing the Division to charge fees is not passed, there is then excess SSR and federal funds appropriated to the Division that they will not have sufficient cash to expend. The motion would remove excess spending authority from the budget of that program. The remaining issue is a question of how the Division will be funded if the bill does not pass.

{Tape: 1; Side: A; Approx. Time Counter: 10 - 11.5}

SEN. STONINGTON expressed her belief that the Subcommittee should advocate for the programs, and this would be a step in the other direction. She suggested that they defer on this. **Ms. Gervais** suggested that another option would be to reduce the level of funding and appropriate money contingent on passage of the bill. **SEN. COBB** added that they could put general fund in and let the Legislature take it out.

Motion: **REP. CLARK** moved **THAT IF SB 72, ALLOWING THE DEPARTMENT TO CHARGE FEES FOR CHILD SUPPORT ENFORCEMENT SERVICES, IS NOT PASSED AND APPROVED, ITEM (CHILD SUPPORT ENFORCEMENT DIVISION) IS DECREASED BY \$711,838 STATE SPECIAL REVENUE AND \$1,423,676 OF FEDERAL FUNDS FOR FY04 AND \$854,010 STATE SPECIAL REVENUE AND \$1,708,020 OF FEDERAL FUNDS FOR FY05.**

Discussion

REP. JAYNE expressed her objections to adoption of this language in that it would be dependent on a certain bill passing, and agreed that funding needs to be found.

{Tape: 1; Side: A; Approx. Time Counter: 15.4 - 15.6}

Vote: Motion failed 3-3 with REP. CLARK, REP. HAINES, and SEN. KEENAN voting aye on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 1; Side: A; Approx. Time Counter: 15.6 - 18.1}

Motion: SEN. COBB moved TO PUT \$750,000 GENERAL FUND PER YEAR IN THE BUDGET AND REDUCE STATE SPECIAL REVENUE BY \$750,000.

SEN. COBB withdrew his motion.

Motion/Vote: SEN. COBB moved A FUNDING SWITCH TO INCREASE GENERAL FUND BY \$711,838 IN FY04, AND \$854,010 IN FY05 AND TO DECREASE STATE SPECIAL REVENUE BY LIKE AMOUNT. Motion failed 3-3 with SEN. COBB, REP. JAYNE, and SEN. STONINGTON voting aye on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 1; Side: A; Approx. Time Counter: 18.1 - 20}

Motion: SEN. STONINGTON moved TO DECREASE STATE SPECIAL REVENUE BY \$711,838 IN FY04, AND \$854,010 IN FY05 AND REPLACE WITH EMPLOYMENT SECURITY ACT STATE SPECIAL REVENUE TO LIKE AMOUNT.

Discussion

Ms. Gervais explained that this would be a funding switch between two state special revenue (SSR) accounts. The total SSR would remain the same, but the state special revenue from CSED would be reduced and the ESA account would be increased to fund the Division. In response to Subcommittee questions, **Ms. Gervais** stated that there are no restrictions on ESA in statute or administrative rule. There is historical precedent for such a switch, but it has generally been used toward job-training activities. If the Subcommittee wished to follow historical precedent, then it might wish to provide the ESA funds to Human and Community Services Division (HPSD) for job training programs and MOVE general fund FROM HCSD to fund CSED.

{Tape: 1; Side: A; Approx. Time Counter: 21.6 - 27}

Gail Gray, Director of Public Health and Human Services (DPHHS), stated that CSED is a program that has been cut into the bone. If it is not funded, it may lead to other problems, such as reductions of cash benefits. **Ms. Gervais** responded that she is not confident that support for CSED is countable towards Temporary Assistance for Needy Families (TANF) maintenance of effort (MOE), so most probably, they would have to reduce services elsewhere in order to free up general fund to be used in this program. **Director Gray** said that perhaps it was not a good example, but that the point was, it would have to come from

someplace. There was discussion on the issue of REED ACT funds FOR the POINTS system AND USE OF ESA funds.

Ms. Gervais reviewed their previous action on ESA funds; their earlier action on childcare had used general fund from the Vocational Rehabilitation (VR) program and provided the ESA funds to fund VR. She suggested that ESA could be used for TANF job training programs, and it could count as TANF MOE. The general fund in the base could then be taken for TANF MOE and used for CSED.

{Tape: 1; Side: A; Approx. Time Counter: 27 - 38.3}

Motion: SEN. STONINGTON moved TO AMEND HER MOTION TO USE ESA FUNDS FOR TANF JOB TRAINING PROGRAMS TO COUNT TOWARD MOE AND USE THE GENERAL FUND IN THE BASE FOR TANF MOE AND USED FOR CSED.

Discussion

Bob Andersen, Office of Budget and Program Planning (OBPP), remarked that this would be easy for someone else to take away. He added that in the next biennium, the ESA funds will be gone, and if they don't have those funds there will not be enough money to backfill general fund. There was a suggestion that REED ACT Funds from the POINTS system could be used for backfilling ESA, and **Mr. Andersen** said that this would not solve the problem since it would be a one-time money. **Ms. Gervais** stated that the Executive Budget uses REED ACT funds to free up ESA funds to fund the Youth Challenge Program. There was further discussion of this issue.

{Tape: 1; Side: A; Approx. Time Counter: 38.3 - 40}

Vote: Motion failed 3-3 with SEN. COBB, REP. JAYNE, and SEN. STONINGTON voting aye on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 1; Side: A; Approx. Time Counter: 40 - 49.5}

SEN. STONINGTON asked if CSED is funded in the Executive Budget, and **Ms. Gervais** said that it is funded, but it is questionable whether the Division can realize in cash the SSR included in the budget. LFD staff projects that without a fee bill or another source of revenue, they cannot achieve the cash to match the appropriation level and will have a cash shortfall, even though they have appropriation authority. **REP. JAYNE** expressed concerns that since she opposes SB 72, the fee bill for Child Support Enforcement, she is uncomfortable about relying on passage of SB 72 to get the funding for CSED. She voted for the motions by **SEN. COBB** and **SEN. STONINGTON** because she believes that they need to find revenue sources. She does not think it is a prudent way to get where they are going.

{Tape: 1; Side: B; Approx. Time Counter: 0.3 - 4.4}

In continued discussion of the fee bill, **SEN. STONINGTON** said that a big objection to SB 72 is that there is no cap on the fees, especially for individuals who receive weekly checks. There should be a modification of the fee structure, so that an individual does not have to pay an exorbitant amount. **REP.**

HAINES concurred with **SEN. STONINGTON** that if SB 72 were modified, it would be more palatable and a viable vehicle to fund the program. **REP. JAYNE** commented that a judgment goes against the obligor, and she does not believe that a fee on the other party will stand up legally. **Director Gray** inserted that the Department is willing to reconsider and put a monthly cap on fees, but it does not work to assess the obligor. The money that comes from the obligor goes first to the custodial parent, then to arrears, and finally to the state.

Responding to a query from **REP. JAYNE** regarding alternatives to the fee bill, **CHAIRMAN CLARK** said that there are several bills out there. She added that she has a personal commitment to fund as many programs as possible, but right now the main objective is to see that the budget is balanced. **REP. HAINES** said that he thinks there is time to consider this and would not mind deferring on this issue. It was agreed that they would defer on this. **REP. JAYNE** then asked the Department what would not happen because of the decrease of \$1.5 million in SSR by the motion. **Lonnie Olson, Administrator of CSED**, said that since over 70% of CSED funding involves personal services, they would have to eliminate of positions and increase caseloads and case responsibility. There is no place else to go.

EXECUTIVE ACTION ON QUALITY ASSURANCE DIVISION

Present Law Adjustments

{Tape: 1; Side: B; Approx. Time Counter: 9.5 - 22.7}

Motion: **SEN. COBB** moved TO ADOPT DP 76, TPL LIEN AND ESTATE RECOVERY.

Discussion

Responding to Subcommittee questions, **Mary Dalton, Quality Assurance Division (QAD)**, said that there is a contingency contract for recovery services; and if the contractor does not recover money, he doesn't get paid. The recovered funds go into an SSR, which funds the program. For every \$20 the contractor gets paid, the state gets \$80.

{Tape: 1; Side: B; Approx. Time Counter: 22.7 - 23.5}

Vote: Motion carried 6-0 on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

{Tape: 1; Side: B; Approx. Time Counter: 22.7 - 30.1}

There was discussion of the DP 286, in which there is a permanent reduction of two full time equivalents (FTE). Responding to a question from SEN. COBB regarding the ability to do the job with the reduced FTE, Ms. Dalton said that they would realign priorities, and they would do everything, just do it slower.

{Tape: 1; Side: B; Approx. Time Counter: 30.1 - 30.8}

Motion/Vote: SEN. COBB moved TO ADOPT DP 286, FTE REDUCTION. Motion failed 6-0 on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

LFD Issues with Funding in QAD

Ms. Steinbeck referred to the Budget Analysis and stated that the LFD issue was that the Subcommittee could consider reducing general fund by \$102,857. The Executive Budget increased the general fund support for this division from 28% to 29%. If the general fund share of costs remains constant over the 2005 biennium, it could be reduced by \$102,857. SEN. COBB suggested that they take this money from QAD for CSED.

{Tape: 1; Side: B; Approx. Time Counter: 35 - 42.3}

Motion: SEN. COBB moved TO DIRECT STAFF TO FUND THE BUDGET BIENNIALY AT THE BASE FUNDING MIX, ALLOCATING THE FUNDS REDUCED IN THE GENERAL FUND TO THE CHILD SUPPORT ENFORCEMENT DIVISION AND OFFSETTING STATE SPECIAL REVENUE WITH FEDERAL FUNDS.

Discussion: Responding to questions from the Subcommittee, Ms. Dalton said it would decrease the funding in QAD by the \$102,857 general fund which is matched. If the workload is not the same as in 2002, QAD will be left short, but she can live with it. She distributed responses to questions from the prior hearing.

EXHIBIT (jhh19a02)

{Tape: 1; Side: B; Approx. Time Counter: 42.3 - 43}

Vote: Motion carried 6-0 on a voice vote. REP. HAINES voted SEN. KEENAN's proxy.

Ms. Steinbeck moved on to the final LFD funding issue. The program uses SSR alcohol tax for chemical dependency licensing issues, which is not anticipated by statute. The Subcommittee could: do nothing, amend statute to allow administrative or other uses of such revenues, or backfill with federal funds.

{Tape: 1; Side: B; Approx. Time Counter: 43 - 49.5}

{Tape: 2; Side: A; Approx. Time Counter: 0.5 - 4.3}

In discussion of HB 180, **Ms. Steinbeck** said that there is a \$2 million general funding package for the biennium. If the fiscal note is measured against the Executive Budget this is true, but fiscal impacts should be measured against current statute and using alcohol tax for mental health is no longer a legal use, thus HB 180 has no fiscal impact under current law.

{Tape: 2; Side: A; Approx. Time Counter: 4.3 - 18.5}

SEN. STONINGTON asked if there was a possibility of moving the nonviolent population from Chemical Dependency Center (CDC) to Eastmont, and using Montana Developmental Center (MDC) for the Deer Lodge or Warm Springs population. **Director Gray** responded that DPHHS has considered this, but the only way to save money would be to close the institution. They are seriously considering another community group home for the Glendive area.

SEN. STONINGTON added that she could not support closing Eastmont unless there was something to replace it.

{Tape: 2; Side: A; Approx. Time Counter: 6 - 24}

Ms. Steinbeck reviewed the MTAP bill draft (Exhibit 3). The amendment in the bill strikes the SSR account, but was meant to strike the sliding fee scale; the substantive part of the bill will not change. She reviewed other strikes in the bill. Another substantive issue is that it says a fee may not be required under the program, but there cannot be fees without amendment to statute. There was further discussion of the issue of fees.

Ms. Steinbeck said that the Subcommittee discussion regarding fees in MTAP centered on the Department's cost analysis of collecting fees. Until fees are raised high enough to cover cost of collection, it is a money losing proposition. **Ms. Steinbeck** commented as staff, she encouraged them to not leave laws on the books that they do not want because actions can always be brought to compel people to fulfill the law. Courts have upheld that lack of adequate funding is not a reason to not comply with the law.

SEN. STONINGTON suggested that they strike the entire section and give no authority to collect fees. In response to a question about the percentage of poverty in the bill, **Ms. Steinbeck** said that the bill is written to allow eligibility of 200% of poverty or less. This establishes a cut-off and does not allow equipment to be provided to people above 200% of poverty.

EXHIBIT (jhh19a03)

HEARING ON HEALTH POLICY SERVICES DIVISION***{Tape: 2; Side: A; Approx. Time Counter: 24 - 48.5}*****Maggie Bullock, Administrator of Health Policy and Services**

Division (HPSD), introduced her bureau chiefs and began her presentation of Division requests. She observed that there are 49 decision packages in her Division and pointed out that the proposed cuts in public health are significantly less than those in Medicaid, but they will have a dramatic impact on the lives of Montanans. She touched on three proposed changes in the decision packages, two of which are due to an increase in the 100 percent federal funds during the biennium. The third is the result of moving the tobacco program from the Director's Office to this division. HPSD administers preventive care to all Montanans and payment for primary and acute services to about 77,000 Montanans every month, so cuts in this division impact budgets and services in the other divisions. In the Children's Health Insurance Program (CHIP) program, HPSD serves about 9,500 children a month. The general fund support in HPSD has decreased from 22 percent of the base budget to 20 percent. This is largely due to funding switches in which money was moved from general fund support for CHIP to tobacco settlement SSR.

EXHIBIT (jhh19a04)**EXHIBIT (jhh19a05)**

The biggest share of general fund for the Division is Medicaid state match, which is about 99 percent of the general fund budget, the other 1 percent of general fund is for the public health side of the budget. SSR rises from 2.4 percent in the base budget to about 3.2 percent, which is largely due to the CHIP fund switch. The federal funding rises slightly, due to the bioterrorism and hospital-preparedness dollars received. The biennial budget request is proposed to increase about \$59 million in total funds. Over half of the FTE are already employed in modified positions; the reason they are in the positions is because of the federal funds that have come in. The other vacant positions are those that they are in the process of filling because of the bioterrorism and hospital-preparedness grants that they received. Over the biennium they will receive between \$18 million and \$20 million. The bioterrorism grant is a one-year grant for which they will reapply, and the hospital grant is a two-year grant. They received about \$550,000 for the hospital-preparedness grant and a bioterrorism grant from the Communicable Disease Center (CDC) of about \$8 million.

{Tape: 2; Side: B; Approx. Time Counter: 0.4 - 17.9}

Dr. Michael Spence, State Medical Officer, reviewed the state of the State's public health. Reviewing health indicators, he said

that 50 percent of Montanans are overweight, and 19 percent are obese. He indicated that the presence of pop and candy machines in schools has promoted the growth in overweight children.

Tobacco use has another negative impact on the health of Montana citizens: one in ten children uses chew and lung cancer is one of the leading causes of death in the state. Furthermore, substance abuse is a major problem, particularly methamphetamine. He touched on the use of drugs and alcohol by pregnant women, and the resultant health problems to those women and their children from such use. He also went over the issue of responsible sexual behavior saying that, while the teen pregnancy and sexually transmitted disease (STD) rates have decreased, teens are having sex at an earlier age, and 40 percent of pregnancies are unintended.

EXHIBIT (jhh19a06)

{Tape: 2; Side: B; Approx. Time Counter: 17.9 - 29.3}

Dr. Spence stated that Montana ranks third in the nation for suicides per capita. The available healthcare systems do not meet the need to prevent suicide; the state needs to train more people in recognizing suicidal ideation. Responding to questions regarding suicide and its tie-in to mental health and lack of medication or less effective medication, **Dr. Spence** explained that depression plays a major role in suicidal ideation. He added that often it is when a person is in the recovery phase of depression that the person may commit suicide. It is too early to tell whether the cutbacks in mental health will have an impact on the suicide rates. Unemployment and the consequent depression do reflect in the suicide rates across the population in the state.

{Tape: 2; Side: B; Approx. Time Counter: 29.3 - 33.5}

Continuing his overview, **Dr. Spence** stated Montana's death by motor vehicle rate is almost twice the national average and 80 percent of those who die in motor vehicle crashes are unbuckled. The major factors involved in death by motor vehicle are: speed, alcohol, and not wearing seat belts. Moving on to the quality of the environment in Montana, he touched on such issues as: asbestos exposure in Libby; heavy metals, especially lead exposure of children; agri-chemicals and resultant neurological disease; and asthma in children, which is epidemic in Montana.

{Tape: 2; Side: B; Approx. Time Counter: 33.5 - 47.7}

{Tape: 3; Side: A; Approx. Time Counter: 0.3 - 3.7}

Dr. Spence then reviewed the two decision packages which he has requested. The decision package dealing with Libby asbestos screening is a five-year 100 percent federally funded program for

which they will \$550,00 per year. The decision package dealing with the environmentally linked chronic disease tracking program is also federally funded. They will receive \$510,566 per year for the next five years, and expect funding to continue into perpetuity. This decision package will include two FTE, which will be entirely federally funded. The FTE positions are an environmental epidemiologist and a program coordinator to work with various agencies.

{Tape: 3; Side: A; Approx. Time Counter: 3.7 - 7.8}

Dr. Spence moved on with his presentation touching on the problem with Hepatitis C, the rate of uninsured Montanans, delayed access to prenatal care and dental care, and the cuts in Medicaid, which have created cost shifts. He concluded that the cuts in healthcare will worsen the problems.

LFD Issues Involved in Health Policy Services Division

{Tape: 3; Side: A; Approx. Time Counter: 7.8 - 14}

Ms. Steinbeck reviewed the Maternal Child Health Block Grant and the Preventive Health Block Grant. The Maternal Child Health (MCH) Block Grant requires a \$3 state match for every \$4 of federal block grant, and the match can be provided by state general fund or local funds. The Executive Budget has several reductions and program eliminations and some of those funds have been counted as match toward the MCH Block Grant, which is an LFD concern. The Department has indicated that it believes the current funding at the local level is adequate to match the grant. The issue related to both block grants is that the allocation of both grants in the Executive Budget is above the level of block grant which the Department anticipates receiving. If the block grants do not grow, they will be short \$400,000 in the MCH block grant over the biennium, and \$160,000 in the Preventive Health Block Grant. She recommended that they ask those who testify for the block grants how the shortfalls will be made up.

{Tape: 3; Side: A; Approx. Time Counter: 14 - 26.}

JoAnn Walsh Dotson referred to her handout and reviewed the funding sources for the Family and Community Health Bureau, most of which is federal funds through the United States Department of Agriculture (USDA). She reviewed in more detail the specifics of the federal and state funding. Of the \$21.9 million, \$19.3 million or 88% is contracted out to provide services to the target population. She touched briefly on the various types of contracts that they have with providers. The target population served is 100,000 people per year or 25 percent of the population of pregnant women, women of childbearing age, infants, and children up to age 21. The MCH block grant targets those who are

low-income or at great risk and is used for guidance in the language that the Bureau uses.

EXHIBIT(jhh19a07)

EXHIBIT(jhh19a08)

EXHIBIT(jhh19a09)

{Tape: 3; Side: A; Approx. Time Counter: 26 - 46.3}

In the review of DP 55, **Ms. Dotson** said that it requests authority to convert the modified 1.5 FTE for the coordinated school health positions. She explained that it is federally funded through the Communicable Disease Center (CDC), which comes into the Office of Public Instruction (OPI) and is then transferred on OBPP recommendation to the Department as SSR. She noted that this method of funding is an LFD issue.

{Tape: 3; Side: A; Approx. Time Counter: 46.3 - 49.7}

Bob Andersen, Office of Budget and Program Planning, said that the question is whether, in transferring money from one department to another, it is kept as the original funding source or changed to SSR. When actually working for the federal government as in DPHHS, it would be kept as federal money; if it is being used in OPI under a subcontract, then it is brought into SSR. It is a matter of how it is judged at the time. **Ms. Steinbeck** commented that she brought up the issue because statute says that SSR is a non-federal revenue source. Statute declares the fund type, and this is an inconsistency. **Ms. Steinbeck** cited examples where other DPHHS contracts to agencies were funded directly from federal funds and not through SSR. She suggested that it could be an audit issue.

{Tape: 3; Side: B; Approx. Time Counter: 0.4 - 1.5}

Mr. Andersen said that this is a way of doing business, and OBPP has been audited several times. **Ms. Steinbeck** replied that it is not a hard and fast rule, and the accounting guidelines on this are not clear.

{Tape: 3; Side: B; Approx. Time Counter: 1.5 - 12.6}

Ms. Dotson continued with her presentation of decision packages. She reviewed the elimination of the MIAMI perinatal general fund; the accomplishments of the program and the impact that elimination of general fund will have on the program. She emphasized that neonatal care is very expensive and funding to prevent low birth weight babies is cost effective. Responding to Subcommittee questions, she went into the specifics of the MIAMI program funding and stated that program general fund cuts are being made because of the general fund deficit. They had to identify available general fund as did other divisions. **John Chappuis, Deputy Director of DPHHS**, said that he and Director

Gray made the decision to make the cuts. **Ms. Steinbeck** added that DPHHS had already reduced general fund spending \$30 million before the Executive Budget started, and most pain-free choices had already been made.

EXHIBIT(jhh19a10)

LFD Issue Regarding Refinance of MIAMI Services

{Tape: 3; Side: B; Approx. Time Counter: 17.7 - 22.8}

Ms. Steinbeck addressed refinancing this program through a Medicaid waiver. Many of the clients are Medicaid eligible and many of the services should be Medicaid eligible as well. If DPHHS can show that the program prevents low birth weight babies, there should be a cost savings to the federal government, which is a basic requirement of all waivers. The trade-off is that, even if they can do it with no general fund cost increase, they are not necessarily guaranteeing the same services to the same group of people that received services before. If the counties are using their money to supplement or provide the services, and if the local funds are sufficient to both provide the lost MCH Block Grant state match and fund the non-federal share of a Medicaid expansion through an IGT, there is a potential to accomplish both things, without general fund cost. **Mr. Chappuis** added that they are hoping to do a refinance, but they cannot make promises.

{Tape: 3; Side: B; Approx. Time Counter: 22.8 - 33.6}

In discussion of the risk factors involved in low birth weight babies and whether the program does work, **Ms. Dotson** said that the numbers cited in Exhibit 10 are Montana statistics. She suggested that there are more risk factors involved than there were even ten years ago. The risk factors include: low income levels, unemployment, availability of drugs, and changes in environment. They are doing a better job of identifying those women with risky behaviors such as smoking and drinking. She emphasized that one of the many benefits of the home-visiting program is the client-nurse relationship. **Ms. Dotson** concluded her presentation, and answered questions from the Subcommittee regarding the programs that were eliminated.

LFD Issue Comment on the Family Planning Supplemental Authority

{Tape: 3; Side: B; Approx. Time Counter: 33.6 - 49.7}

Ms. Steinbeck commented that in the original Executive Budget this was \$250,000 in FY04 and \$116,000 in FY05, and she asked whether any of the federal funds could be used to offset the general fund reduction. **Ms. Dotson** replied that they will be

writing another proposal to assure that they will not limit services in the program. With the enhancement funding or maintenance of effort (MOE) funding, **Ms. Dotson** said that she believes they will be able to maintain the same level of service or greater because of the increase in funds. **Ms. Steinbeck** pointed out that the shortfall in the MCH Block Grant largely impacts the Bureau, and the Subcommittee should consider what types of services it would want the bureau to cut. **Ms. Dotson** said that the MIAMI perinatal program no longer exists. They distribute the \$1.2 million block grant to the locals, and they will first look at reducing operating costs more, and then they will look at across the board contract cuts.

{Tape: 4; Side: A; Approx. Time Counter: 0.3 - 24.6}

Terry Krantz, Communicable Disease Control and Prevention Bureau Chief, reviewed the units within his bureau and their responsibilities. He gave a detailed review of DP 64 and the Communicable Disease Center (CDC) and Health Resources and Service Administration (HRSA) bioterrorism grants that his bureau has received from the federal government. The grant of about \$7 million is to be used to enhance Montana preparedness for public health emergencies; the spending of these funds is identified in the grant guidance. These grants are being used to enhance hospital and local public health preparedness for bioterrorism and other public health emergencies. They will also develop response planning at state regional public health agencies. Many of the counties already have emergency disaster plans, but often public health agencies have not been involved in the planning. They will also be working on development of communication infrastructure as well as laboratory capacity for bioterrorism. The money is also being channeled to counties and tribes for enhancement of their infrastructure and training. Over 70% of the total preparedness funding will be directed to or in support of local jurisdictions, and the hospital HRSA grant requires that \$443,000 be directed to hospitals to increase their capacity to respond to public health emergencies. He then reviewed the other decision packages involved in his budget.

EXHIBIT (jhh19a11)

In discussion of DP 248, which would reduce general fund support for epidemiology and surveillance, **SEN. COBB** asked if the Governor's emergency fund could be tapped for this. **Director Gray** said that the funds are available for emergency use, and they have used them before. In discussion of DP 249, the elimination of general fund for treatment and prevention of AIDS, **Mr. Krantz** said that there is an LFD issue related to this DP.

LFD Issue with Elimination of General Fund for AIDS

{Tape: 4; Side: A; Approx. Time Counter: 24.7 - 26.3}

Ms. Steinbeck cautioned that elimination of general fund for this could jeopardize the receipt of the federal grant because of MOE. The issue is prevalent in several places where the Department receives block grants. In some instance, Department personnel said that federal agencies had not reduced grants despite the inability to meet MOE.

{Tape: 4; Side: A; Approx. Time Counter: 26.3 - 38.1}

Mr. Krantz concluded his presentation of decision packages. Responding to a question from **REP. JAYNE** regarding the use of the funding in this program for treatment of sexual offenders, **Mr. Krantz** replied that it is used for victims of rape, but he would look into whether this money could be used for treatment of offenders as a preventive measure.

Information regarding the mental health program cost cutting actions and the Medicaid mental health service fee plan was distributed.

EXHIBIT(jhh19a12)

EXHIBIT(jhh19a13)

An MTAP fact sheet was distributed.

EXHIBIT(jhh19a14)

ADJOURNMENT

Adjournment: 11:47 A.M.

REP. EDITH CLARK, Chairman

SYDNEY TABER, Secretary

EC/ST

EXHIBIT (jhh19aad)